

800/1
Commerce
Paper 1
Term 1 2020
2 ½ HOURS

STANDARD HIGH SCHOOL ZZANA

Uganda Certificate of Education

MID TERM ONE 2020

S.4 COMMERCE

PAPER 1

TIME: 2 ½ HOURS

INSTURUCTIONS

- Section A is compulsory.
- Attempt any 4 questions.
- FORWARD SCANNED ANSWERS TO stahiza2020@gmail.com

MONEY AND BANKING

SECTION A

1. Which of the following may a drawer use to pay rent to a landlord on monthly basis for a year?
 - A. Credit transfer
 - B. Money order
 - C. Bank draft
 - D. Standing order
2. A cheque drawn in favour of peter. What is peter?
 - A. Payee
 - B. Drawee
 - C. Drawer
 - D. Endorsee
3. Money borrowed from a bank for which interest is only paid on the excess amount is called;
 - A. Fiduciary issue
 - B. Bank overdraft
 - C. Loan
 - D. Bonus
4. The following documents are negotiable instruments except.
 - A. Money order
 - B. Bill of exchange
 - C. Promissory note
 - D. Cheque

5. Which of the following types of accounts is most suitable for a business?
- A. Current Account
 - B. Savings Account
 - C. Fixed deposit Account
 - D. Salary Account
6. The facility which enables a bank customer to make regulate payments to a named person is called:
- A. Credit transfer
 - B. Bank draft
 - C. Credit card
 - D. Standing order
7. A stale cheque refers to
- A. an outdated cheque
 - B. an insufficient fund
 - C. a postdated cheque
 - D. a forged cheque
8. A person on firm in whose favour the payee transfers a cheque is known as
- A. a drawer
 - B. an endorser
 - C. the drawee
 - D. an endorsee
9. Mr. Tulya wrote to Stanbic main branch to pay Mr. Jjuko a sum of shs 1,500,000/= Stanbic is referred to as
- A. drawer
 - B. drawee
 - C. payee
 - D. banker
10. the account in the bank where withdrawal is only by cheque is
- A. fixed deposit account
 - B. savings account
 - C. current account
 - D. joint account
11. the means of payment which enables businessmen abroad to make small payment is called
- A. personal cheques
 - B. money orders
 - C. travellers cheques
 - D. credit transfer system
12. What makes a bearer cheque unsafe?
- A. Payee is not named on its face.

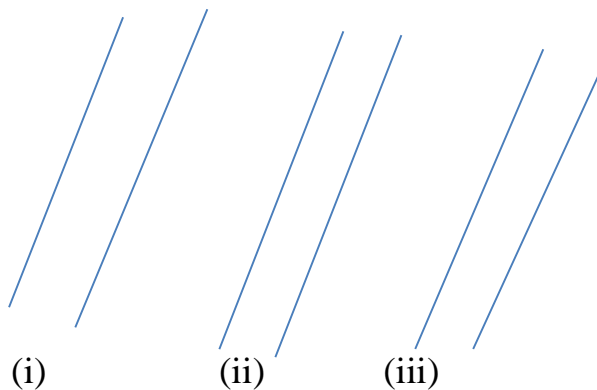
- B. Payee has to be named on its face.
 - C. Payee and drawer are the same.
 - D. Carries two parallel lines on its face.
13. Which of the following functions is not performed by a central bank?
- A. issuing currency.
 - B. lender of the last resort.
 - C. creating a credit by lending to individuals.
 - D. exchanging a control.
14. Why is a cheque crossed? So that;
- A. it may not be endorsed
 - B. payment is done through payee's account only.
 - C. it can be cashed across the counter.
 - D. it can bounce easily.
15. What is true about most commercial banks? They are;
- A. Government owned.
 - B. Offer savings account.
 - C. Joint stock companies.
 - D. Offer current accounts only
16. A head office clearing cheque is used when;
- A. the payee has his account at the head office of the bank.
 - B. the drawer and the payee are in the same bank but different branches.
 - C. the drawer and the payee of the cheque are in the same branch.
 - D. the drawer and the payee of the cheque are in different banks.
17. How does a bank customer benefit from using ATM (Automated Teller Machine)
- A. personal service.
 - B. withdraw on demand.
 - C. financial advice.
 - D. overdraft services.
18. A place where representatives of different banks meet to clear cheques is known as
- A. clearing bank
 - B. clearing house
 - C. exchange bureau
 - D. bank of Uganda
19. The type of endorsement which requires the drawer to name a specific person who becomes a new endorsement.
- A. open endorsement
 - B. restrictive endorsement
 - C. conditional endorsement
 - D. special endorsement
20. If a person has deposited more money than he has withdrawn from his current bank account, his bank statement will show

- A. A debit balance
- B. A credit balance
- C. A nil balance
- D. An overdraft

SECTION B

Answer any **four** questions from this section.

- 21.(a) Name the main features of a cheque. (04marks)
- (b) Give five advantages of using a cheque as a method of payment. (10marks)
- (c) Why are cheques not widely used in Uganda? (06marks)
- 22.(a) What is the difference between a central bank as a commercial bank? (04marks)
- (b) Explain the services offered by commercial banks to trades. (16marks)
- 23.(a) Explain any five reasons why the business community in Uganda prefers current Accounts to Fixed Deposit Accounts. (10marks)
- (b) Describe the process of opening a current Account. (10marks)
- 24.(a) What is the effect of the following crossings on a cheque? (06marks)



- (b) State any seven circumstances when a cheque may be dishonoured by a bank. (14marks)
- 25.(a) What are the functions of money?
- (b) Describe the qualities of good money.